

Dear FRB,

I would like to object to the removal of Yield Spread Premium (YSP) and Service Release Premium (SRP). I believe that YSP & SRP decreases closing costs for the borrower who might not otherwise get in a new home. This will have the greatest impact on the first time homebuyer since he/she usually cannot afford closing costs and loan origination fees.

As I have illustrated in my attachment, currently there are four different options available to this prospective homebuyer. I think it is important to note all of these options create the same compensation for a loan originator. The average first time homebuyer lives in their home a little more than 2 years, according to the NAR. This example shows a 3 year time frame, due to the current tax credit for \$8,000. The report clearly shows that if there was a flat fee charged the borrower's cost could easily be \$6,000 higher upfront. The report also shows that if they sold in the first three years there would be a greater savings to the buyer had they been able to select a loan with lower fees. Please take this information into consideration when determining the new regulations.

Respectfully,

David Krushinsky,

**W.I. BRADLEY COMPANY**

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Tel (623) 594-7600 x 108 david.krushinsky@wjbradley.comFax (623) 594-7601 www.dkhomeloans.com**TOTAL COST ANALYSIS**

Prepared by Dave Krushinsky

September 29, 2009

Prepared For: Joe Sample
1234 W My Street Phoenix, az**SUMMARY**

Program Name	Program 1	Program 2	Program 3	Program 4	
1ST MTG.	Loan Amount	\$193,000	\$193,000	\$193,000	\$193,000
	Interest Rate	6%	5.5%	5.25%	5%
	Term (months)	360	360	360	360
	Payment	\$1,157	\$1,096	\$1,066	\$1,036
	Mtg. Ins.	\$88	\$88	\$88	\$88
	Monthly Pmt.	\$1,246	\$1,184	\$1,154	\$1,125
	Tax Benefits	\$275	\$254	\$244	\$234
	After Tax Payment	\$971	\$930	\$910	\$890
	Net Savings	\$0	\$41	\$61	\$81
	Total Cash To Close	\$8,200	\$10,700	\$12,630	\$14,560

SUMMARY

This Section overviews your monthly payments for each prospective Mortgage Plan. Please note, the payments shown do not include any Escrows that may be collected with your payment.

Current value \$200,000, appreciation assumption 2%

TOTAL COST ANALYSIS

Program Name	Program 1	Program 2	Program 3	Program 4	
36 MONTHS ANALYSIS	Total Payment	\$44,841	\$42,634	\$41,552	\$40,483
	Principal Paid	\$7,558	\$8,248	\$8,611	\$8,987
	Int & MI Paid	\$37,284	\$34,387	\$32,940	\$31,496
	Balance Left	\$185,442	\$184,752	\$184,389	\$184,013
	Closing & Points	\$0	\$2,500	\$4,430	\$6,360
	Total Cost	\$37,284	\$36,887	\$37,370	\$37,856
	Tax Benefits	\$9,725	\$9,001	\$8,639	\$8,278
	After Tax Cost	\$27,559	\$27,886	\$28,731	\$29,578
	Net Savings	\$2,019	\$1,692	\$847	\$0

TOTAL COST ANALYSIS

One of the most important metrics to consider when selecting the right Mortgage Plan for you, is how long you plan on living in the home or what is your loan retention time going to be. The table on the left compares the true total cost of each mortgage plan based on a pre determined comparison period.

MORTGAGE PLAN WITH TERM REDUCTION

Program Name	Program 1	Program 2	Program 3	Program 4	
5 YEARS	Monthly Amount	\$0	\$0	\$0	\$0
	Equity Increase	\$0	\$0	\$0	\$0
10 YEARS	Monthly Amount	\$0	\$0	\$0	\$0
	Equity Increase	\$0	\$0	\$0	\$0
	PayOff	30.00 yrs.	30.00 yrs.	30.00 yrs.	30.00 yrs.
	Int. Savings	\$0	\$0	\$0	\$0

MORTGAGE PLAN WITH TERM REDUCTION

This Mortgage Plan is designed to help you make an informed decision on a mortgage integrated with your overall financial plan. This example displays an estimated Real Estate value combined with additional principal reduction payments made monthly.

Based on the above criteria, the Mortgage Plan in column titled 'Program 1' will payoff soonest.

NOTICE AND DISCLAIMER : The results above are based on (i) information provided by you, (ii) estimates of interest rates, your ability to save, your tax bracket, closing costs and other amounts, (iii) currently available loan programs and (iv) information and assumptions discussed with your advisor; all of which might change over time. If the information or assumptions are not correct or change, then the results above will change. Your advisor will provide additional information about costs, fees and other information required by state and federal law.





TOTAL COST ANALYSIS

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PROGRAM DETAILS

	Program 1		Program 2		Program 3		Program 4	
	1st Mtg	2nd Mtg						
Value	\$200,000		\$200,000		\$200,000		\$200,000	
Equity (%)	3.500 %		3.500 %		3.500 %		3.500 %	
Loan Amount	\$193,000		\$193,000		\$193,000		\$193,000	
Loan Type	Fixed		Fixed		Fixed		Fixed	
Interest Rate	6.000 %		5.500 %		5.250 %		5.000 %	
Term	360		360		360		360	
Closing	\$0		\$2,500		\$2,500		\$2,500	
Points	0.000 %		0.000 %		1.000 %		2.000 %	
APR	6.000 %		5.617 %		5.455 %		5.289 %	
Principal & Int.	\$1,157		\$1,096		\$1,066		\$1,036	
Mtg. Ins.	\$88		\$88		\$88		\$88	
Total P&I	\$1,246		\$1,184		\$1,154		\$1,125	
Index								
Margin								
LifeCap								
Scenario								
First Adj Cap								
First Adj Mos								
Adj Cap								
Adj Month								
HOA	\$0		\$0		\$0		\$0	
Haz Ins.	\$55		\$55		\$55		\$55	
Prop Taxes	\$133		\$133		\$133		\$133	
Other	\$0		\$0		\$0		\$0	
Pymt. Adjust.								
Adj Cap %								
Adj Cap (Mos)								
Recast Prd/Stop								
Max Balance								
PITI	\$1,434		\$1,372		\$1,342		\$1,313	
Term Reduction	\$0		\$0		\$0		\$0	
Total PITI	\$1,434		\$1,372		\$1,342		\$1,313	
Mo. Asset Accu.	N/A		N/A		N/A		N/A	
Asset Accum. Int. Rate	N/A		N/A		N/A		N/A	
Asset Accum. Open	N/A		N/A		N/A		N/A	

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